



## Newsletter

### KHEAA Executive Director Announces Retirement

by Tim Ballard

Kentucky Higher Education Assistance Authority (KHEAA) Executive Director Paul P. Borden has announced that he will retire effective October 1, 1999. Borden, who has 38 years in the state retirement system, became KHEAA's first full-time employee in 1972.

"It's been a great privilege to me to have the opportunity to work here at KHEAA for 27 years," Borden told KHEAA employees at a May 20 staff meeting. "The thing I really feel good about is that working together, we've had the opportunity to help literally hundreds of thousands of people afford higher education and reach their dreams. That's a privilege few people have in their lifetimes."

The KHEAA Board of Directors has indicated that, subject to the Governor's concurrence, it will conduct a national search and consider internal applicants for his successor.

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### Inserts:

- *Common Manual* Updates  
References #310, 311, 313-318, 327, and 328

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### Kentucky High School Students to Receive KEES Award Notices

by Lori Powers

Students who try to get the most from high school by studying hard and making good grades are earning Kentucky Educational Excellence Scholarships (KEES) to help them pay for their higher education. The better students do in high school, the more they will earn toward college scholarships.

Kentucky students who were in grades 9-12 and had a 2.5 or higher grade point average for the 1998-99 school year will receive notices in late summer from KHEAA regarding their KEES base awards to help them pay for college or technical school. Notices to KEES-eligible students with a 15 or higher ACT (or equivalent SAT) composite score will include information about their bonus awards. Students must qualify for at least one base award to receive the bonus award. Returning high school students have the opportunity to earn another KEES award for the coming school year and each year as they progress through high school.

School districts are expected to submit their students' grade point averages and highest composite ACT (or equivalent SAT) scores achieved prior to graduation to the Kentucky Department of Education (KDE) prior to or no later than August 1. KHEAA expects to receive the data from KDE by August 15, calculate awards, and mail award notices to KEES recipients by the end of August, when many students will be enrolling in a postsecondary institution or returning to high school.

For the most up-to-date information about KEES, visit [www.kheaa.com](http://www.kheaa.com); write to Tim Phelps, Kentucky Higher Education Assistance Authority, 1050 US Highway 127 S, Frankfort, KY 40601-4323; call (800) 928-8926, extension 7397; or e-mail [tphelps@kheaa.com](mailto:tphelps@kheaa.com).

## Interest Rate Calculations for July 1, 1999–June 30, 2000

by Shirley Young and David Rayborn

### I. Federal Stafford Variable Interest Rates

The final auction of 91-day Treasury Bills held prior to June 1 produced a bond equivalent rate of **4.62%**.

#### A. “Converted” variable-rate Federal Stafford Loans

- These are Federal Stafford Loans originally made as fixed-rate 8/10% loans subject to the “windfall profits” provisions that have been converted to variable interest rates. The variable interest rate for these loans is capped at 10%.

4.62% plus 3.25% equals **7.87%** for the period July 1, 1999–June 30, 2000.

- The 7%, 8%, 9%, and 8/10% loans that were subject to the windfall profits provisions have been converted to a variable interest rate.

4.62% plus 3.1% equals **7.72%** for the period July 1, 1999–June 30, 2000.

Because the variable interest rate for these loans is capped at the original fixed interest rate of 7%, 8%, 9%, or 10% (converted 8/10% loans which have reached the 49th month of the repayment period), the following rates apply for the period of July 1, 1999–June 30, 2000.

<i>Original Interest Rate</i>	<i>Variable Interest Rate</i>
7%	7.00%
8%	7.72%
9%	7.72%
10%	7.72%

#### B. Regular variable-rate Federal Stafford Loans

- Federal Stafford Loans made to “new” borrowers for which the first disbursement is

made on/after 10/1/92 but prior to 7/1/94 or on/after 7/1/94 for a period of enrollment ending prior to 7/1/94 (i.e., a late disbursement) have a variable interest rate cap of 9%.

4.62% plus 3.1% equals **7.72%** for the period July 1, 1999–June 30, 2000.

- Federal Stafford Loans made to all borrowers, regardless of prior borrowing, for periods of enrollment that include or begin on/after 7/1/94 for which the first disbursement is made on/after 7/1/94 but prior to 7/1/95 are capped at 8.25%.

4.62% plus 3.1% equals **7.72%** for the period July 1, 1999–June 30, 2000.

- Federal Stafford Loans made to all borrowers, regardless of prior borrowing, on/after 7/1/95 but prior to 7/1/98 are capped at 8.25%.

1. During the in-school, grace, and deferment periods, 4.62% plus 2.5% equals **7.12%** for the period July 1, 1999–June 30, 2000.

2. During the repayment period (except deferment periods), 4.62% plus 3.1% equals **7.72%** for the period July 1, 1999–June 30, 2000.

- Federal Stafford Loans made to all borrowers, regardless of prior borrowing, on/after 7/1/98 and before 7/1/2003 are capped at 8.25%.

1. During the in-school, grace, and deferment periods, 4.62% plus 1.7% equals **6.32%** for the period July 1, 1999–June 30, 2000.

2. During the repayment period (except deferment periods), 4.62% plus 2.3% equals **6.92%** for the period July 1, 1999–June 30, 2000.

### II. Federal PLUS and Federal SLS Variable Interest Rates

The final auction of 52-week Treasury Bills held prior to June 1 produced a bond equivalent rate of **4.88%**.

#### A. Variable-rate Federal PLUS and Federal SLS Loans made prior to 10/1/92 (variable interest rate cap of 12%)

4.88% plus 3.25% equals **8.13%** for the period July 1, 1999–June 30, 2000.

**NOTE:** Because the variable interest rate formula produces a figure that is less than 12%, variable-rate PLUS/SLS Loans will not be subject to special allowance payments during the four quarters ending 9/30/99, 12/31/99, 3/31/2000, and 6/30/2000.

**B. Federal PLUS Loans made on/after 10/1/92, but prior to 7/1/94 (variable interest rate cap of 10%); Federal PLUS Loans made on/after 7/1/94 but prior to 7/1/98 (variable interest rate cap of 9%); and Federal SLS Loans made on/after 10/1/92, for a period of enrollment beginning prior to 7/1/94 (variable interest rate cap of 11%)**

4.88% plus 3.1% equals **7.98%** for the period July 1, 1999–June 30, 2000.

**NOTE:** Because the variable interest rate formula produces a figure that is less than 10% (Federal PLUS) and 11% (Federal SLS), variable-rate PLUS Loans made on/after 10/1/92 but prior to 7/1/94 and all SLS Loans made on/after 10/1/92 will not be subject to special allowance payments during the four quarters ending 9/30/99, 12/31/99, 3/31/2000, and 6/30/2000.

**C. Federal PLUS Loans made on/after 7/1/98, but prior to 7/1/2003 (variable interest rate based on the 91-day Treasury Bills and capped at 9%)**

4.62% plus 3.1% equals **7.72%** for the period July 1, 1999–June 30, 2000.

**NOTE:** Because the variable interest rate formula produces a figure that is less than 9%, variable-rate PLUS Loans made on/after 7/1/98 but before 10/1/98 will not be subject to special allowance payments during the four quarters ending 9/30/99, 12/31/99, 3/31/2000, and 6/30/2000.

### III. Federal Consolidation Loan Interest Rates

**A. Federal Consolidation Loans for which the loan application was received by an eligible lender on/after 11/13/97 but before 10/1/98 (variable interest rate based on the 91-day Treasury Bills and capped at 8.25%)**

4.62% plus 3.1% equals **7.72%** for the period July 1, 1999–June 30, 2000.

**B. Federal Consolidation Loans made before 7/1/94**

The interest rate is the weighted average of the interest rates on the loans consolidated, rounded to the nearest whole percent, but may not be less than 9%.

**C. Federal Consolidation Loans made on/after 7/1/94 for which the loan application was received by an eligible lender before 11/13/97**

The interest rate is the weighted average of the interest rates on the loans consolidated, rounded upward to the nearest whole percent.

**D. Federal Consolidation Loans for which the loan application was received by an eligible lender on/after 10/1/98 but before 7/1/2003**

The interest rate is the weighted average of the interest rates on the loans being consolidated, rounded to the nearest higher 1/8th of one percent. The interest rate may not exceed the maximum rate of 8.25%.

## New Disaster Relief Policy Introduced by USDE

by David Rayborn

Disaster Letter 99-28, dated August 5, 1999, brought a somewhat ironic message—no more Disaster Letters. On August 3, 1999, a notice of proposed rulemaking (NPRM) was published in the *Federal Register*. This NPRM proposed to modify and incorporate into the Federal Family Education Loan regulations the policy of permitting lenders and guaranty agencies to grant an administrative forbearance to assist borrowers adversely affected by natural disasters. The proposed NPRM would permit loan holders to determine whether a natural disaster has occurred, eliminating the requirement that the disaster area be one that qualified under the Federal Emergency Management Agency's Individual Assistance Program. Since loan holders will decide what constitutes a natural disaster, the Disaster Letters the USDE has provided in recent years will no longer be needed.

This change in the NPRM was approved without objection by the USDE and all the negotiators who represented lenders, servicers, guaranty agencies, schools, borrower interest groups, and other parties. Consequently, the USDE has announced that **effective immediately**, loan holders will decide what constitutes a natural disaster for purposes of an administrative forbearance and may grant one to borrowers who contact them asking for temporary

relief from their loan obligations because they have been adversely affected by a natural disaster. The holder may grant the administrative forbearance for up to three months based on the borrower's oral or written request for assistance and must document the reasons the forbearance was granted in the borrower's loan file. However, the holder is not required to obtain supporting documentation or a signed written agreement from the borrower for the initial three-month period. If, however, the borrower wishes to continue the forbearance past the initial three-month period, the holder must obtain supporting documentation and a written agreement from the borrower.

## Entrance Loan Counseling Available at No Cost to Schools

by Lissa Caldwell

KHEAA recently published an updated paper version of a resource first made available to schools last year. *Invest in Your Future*, an entrance interview loan counseling package, is available at no cost to your institution. Designed to assist schools in counseling students on their rights and responsibilities as student loan borrowers, this publication meets all federal guidelines for financial aid office counseling requirements. Schools with high default rates may be required to meet additional measures as described in 34 CFR 668 Appendix D.

*Invest in Your Future* includes valuable information on borrowing strategies, borrowers' rights and responsibilities, repayment options, and the consequences of default. The packet includes three forms: a borrower test, a budget work sheet, and a three-part form designed to collect required demographic information.

As an alternative to the paper version, the online version of *Invest in Your Future* is available for participating schools. A list of participating schools is available on the KHEAA Web site or you may go directly to the list of participating schools at [ww2.kheaa.com/schlpart.html](http://ww2.kheaa.com/schlpart.html). For paper copies of *Invest in Your Future*, call Lissa Caldwell at (502) 696-7277 or (800) 928-8926, extension 7277, or e-mail [lcaldwell@kheaa.com](mailto:lcaldwell@kheaa.com).

## State Grant Roster Deadline

by Linda Renschler

KHEAA Executive Director, Paul P. Borden, announced in his KHEAA update during the KASFAA spring conference in Bowling Green that KHEAA will continue the practice of advancing a portion of 1999 fall semester state grant funds to participating institutions. However, to receive an advance of funds in December for the 2000

spring semester, KHEAA must receive fall Enrollment Verification Rosters (EVRs) no later than **October 15, 1999**. To receive an advance in all subsequent semesters, EVRs must be received by KHEAA no later than the established deadline. To reconcile actual disbursements against available funds and to be in the best position to project expenditures for the 2001–2003 biennium, it is very important for KHEAA to receive EVRs in a timely manner.

Several schools submit EVR data electronically via the Internet, which provides a faster, safer, and more economical means of transmission that is also less subject to human error. All participating schools are encouraged to use the Internet to transmit enrollment verification data. For information about this process, call Mark Wells, KHEAA Grant Program Coordinator, at (502) 696-7394 or (800) 928-8926, extension 7394.

## From Preclaim Assistance Requests to Default Aversion Efforts...Today and on the Horizon

by DeDe Conner

KHEAA is requesting that lenders and lenders/servicers begin sending preclaim cancellations if the delinquency on an account which has had preclaim assistance requested drops to 30 days delinquent or less. Twice each month, schools are provided a listing of delinquent borrowers who have previously attended their institution. Delinquent borrowers remain on this report until the preclaim is cancelled. By moving the preclaim assistance cancellation date from zero to 30 days delinquent, concentration can be placed on borrowers who remain over 30 days delinquent.

KHEAA also asks lenders and lenders/servicers that have already implemented the Common Claim Initiative (CCI) Claim Form to begin using it for KHEAA preclaim assistance requests. KHEAA does not require the use of this form at this time; however, the additional information can help with KHEAA's default aversion efforts and is requested whenever it is available. The documentation for the CCI Preclaim Electronic process has just been released and can be downloaded from the National Council of Higher Education Loan Programs (NCHELP) Web site at [www.nchelp.org](http://www.nchelp.org). KHEAA plans to implement this electronic process in late 1999 and will announce the date it is ready to receive CCI files electronically in a future issue of the *KHEAA Newsletter*. From that date, lenders and lenders/servicers will have six months to begin sending their preclaims electronically in this format or start using the paper CCI Preclaim Form, which is included in the *Common Manual*.

Questions regarding preclaim assistance processing and/or delinquency reporting should be directed to Judy Lang at (502) 696-7225 or (800) 928-5327.

## **KHEAA Origination Services Participants**

by Mary Alice Wilkinson

Following are the addresses to which loan applications should be mailed for lenders currently participating in KHEAA Origination Services:

Bank of Louisville  
P.O. Box 4310  
Frankfort, KY 40604-4310  
Lender # 804283

Bank One Education Finance Group  
P.O. Box 4230  
Frankfort, KY 40604-4230  
Lender # 821087

Chase Manhattan Bank  
P.O. Box 4267  
Frankfort, KY 40604-4267  
Lender # 807807

edsouth  
P.O. Box 4270  
Frankfort, KY 40604-4270  
Lender # 831453

Fifth Third Bank  
P.O. Box 4190  
Frankfort, KY 40604-4190  
Lender # 808780

Kentucky Higher Education Student Loan Corporation  
P.O. Box 4250  
Frankfort, KY 40604-4250  
Lender # 826688

National City Bank, KY  
P.O. Box 4266  
Frankfort, KY 40604-4266  
Lender # 804959

PNC Bank, NA  
P.O. Box 4170  
Frankfort, KY 40604-4170  
Lender # 809921

The Provident Bank  
P.O. Box 4228  
Frankfort, KY 40604-4228  
Lender # 808923

Firststar Bank, NA (formerly Star Bank)  
P.O. Box 4206  
Frankfort, KY 40604-4206  
Lender # 808628

Republic Bank (medical/dental graduate students only)  
P.O. Box 4593  
Frankfort, KY 40604-4593  
Lender # 828617

Union Planters National Bank  
P.O. Box 4125  
Frankfort, KY 40604-4125  
Lender # 810698

Student Loan Funding  
P.O. Box 4594  
Frankfort, KY 40604-4594  
Lender # 831455

Students, schools, and lenders may contact KHEAA Origination Services at (800) 564-6068 for additional information.

## **Entrance and Exit Counseling Available on KHEAA's Web Site**

by David Rayborn

Both entrance and exit counseling are available to borrowers via the KHEAA Web site [www.kheaa.com](http://www.kheaa.com). From KHEAA's home page, select "Online Student Loan Entrance and Exit Counseling" and simply choose "Investing in Your Future." As borrowers progress through the online counseling, they are tested and required to answer questions correctly, to fulfill entrance counseling requirements, before continuing.

The online loan entrance counseling provides information about options other than student loans that may be available. The difference between subsidized and unsubsidized Stafford loans is explained, and interest rates are disclosed. Charts outlining both annual and cumulative loan limits are shown. Additionally, it explains repayment options and encourages budgeting to make sure future repayment amounts will be manageable in relation to the borrower's anticipated income after graduation. Borrower responsibilities are outlined, including a straightforward message emphasizing the borrower's obligation to keep the lender/servicer informed of changes in address, phone



number, and student status. A brief overview of deferment and forbearance options is presented, as well as some borrower rights, including the right to receive details about loan amounts and interest rates, notification of sale of a borrower's loan(s) to another lender, and conditions for discharge of loans. The adverse consequences of default are also explained.

The online loan entrance counseling includes an electronic form to be completed after the counseling "session." The electronic form certifies completion of KHEAA's online student loan counseling, and an electronic acknowledgement is sent to KHEAA and the school. Schools may choose to receive an e-mail notification for each student, or confirmations can be batched in an electronic file accessible via the KHEAA Web site. Students may choose to print the confirmation page and bring it to the school's office.

To take advantage of KHEAA's online student loan exit counseling, borrowers go to KHEAA's home page, select "Online Student Loan Entrance and Exit Counseling," and then select "The Keys to Successful Repayment." Those receiving exit counseling electronically are reminded of their rights and responsibilities as Federal Stafford Loan borrowers. This counseling emphasizes the importance of staying in touch with lenders/servicers and offers tips on budgeting and selecting a repayment plan. Like the entrance counseling, the online exit counseling tests borrowers' knowledge of material presented and requires a correct answer to each question before permitting borrowers to advance through the session.

The electronic exit counseling defines and clarifies the significance of a grace period, outlines and explains differences in repayment options, and tells how the interest rate is determined. Borrowers are advised that the lender/servicer will notify them each year of the new interest rate. Additionally, they are informed that the amount they will repay depends on the amount borrowed, the repayment plan chosen, and the length of time required to repay the loan. Some of the possible advantages of a Federal Consolidation Loan are outlined as well as the types of loans that qualify for consolidation.

Another section of the electronic exit counseling shows the suggested maximum monthly payments and maximum manageable education debt based upon the borrower's expected salary. Helpful hints are offered on preparing a budget and making it work.

Still another portion of the electronic exit counseling lists available deferments and forbearances and emphasizes the requirement that borrowers must request necessary forms from their lender/servicer. Borrowers are reminded

that they must continue to make payments until notified by their lender/servicer that a deferment or forbearance has been officially approved. Many of the adverse consequences of default are listed, and borrowers are encouraged to always talk with their lender/servicer if they are having problems repaying the loan. A summary of eligibility requirements for discharge of student loans is provided.

Like the students completing online entrance counseling, those utilizing the online exit counseling are provided an online questionnaire to be completed. This completed questionnaire certifies that a borrower has successfully completed KHEAA's online student loan exit counseling, and the certification is forwarded to KHEAA and the borrower's school. This form includes borrower information such as name, address, and current phone number; names and addresses of references, including parents and grandparents; employer information (if known); and school information (including anticipated graduation date).

The online entrance and exit counseling is an excellent resource, and KHEAA is proud to offer this service to our partners in the student loan industry. Schools wishing to participate in the online entrance and exit counseling (including schools that do not use KHEAA as a guarantor) may register at [www.kheaa.com](http://www.kheaa.com). Any questions regarding the online entrance or exit counseling can be addressed electronically at [webmaster@kheaa.com](mailto:webmaster@kheaa.com).

## **Graduates of Noncertified Kentucky High Schools and GED Recipients Who Are Eligible for the KEES Program**

by Tim Phelps

Graduates of noncertified high schools, who include home-schooled students, and General Educational Development (GED) recipients must meet established criteria to be eligible for the supplemental award from the Kentucky Educational Excellence Scholarship (KEES) program. These students must arrange to have their highest composite ACT/SAT score achieved prior to enrollment reported to the postsecondary institution they plan to attend. Since high schools will not report these students to the Kentucky Department of Education (KDE), KHEAA will rely on postsecondary institutions to provide the students' data using a file specifically created by KHEAA for these students. After the institution reports the information to KHEAA during the fall or spring semester, a supplemental KEES award will be disbursed to the institution on behalf of the eligible student.

To qualify for a supplemental KEES award, a graduate of a noncertified high school must:

- Graduate in May 1999 or later.
- Have a composite score of 15 or higher on the ACT (or equivalent SAT).
- Enroll in a participating postsecondary institution within five years of high school graduation.
- Not be a convicted felon.

To qualify for a supplemental KEES award, a GED recipient must:

- Turn 18 years old during 1999 or later.
- Receive a GED within five years of turning 18 years old.
- Have a composite score of 15 or higher on the ACT (or equivalent SAT).
- Enroll in a participating postsecondary institution after July 1, 1999, and within five years of receipt of a GED diploma.
- Not be a convicted felon.

KHEAA mailed file layouts for graduates of noncertified high schools and GED recipients to postsecondary institutions in June. If you have questions regarding submission of the file layouts, call Ron Duvall at (502) 696-7350 or e-mail [rduvall@kheaa.com](mailto:rduvall@kheaa.com). If you have questions regarding the KEES program, call Tim Phelps at (502) 696-7397 or (800) 928-8926, extension 7397, or e-mail [tphelps@kheaa.com](mailto:tphelps@kheaa.com).

## **Common Manual Updates**

by David Rayborn

Enclosed as inserts to this edition of the *KHEAA Newsletter* are several *Common Manual* policy updates. These bulletins include reference numbers 310, 311, 313-318, 327, and 328.

If you have questions regarding these updates or need additional copies, call the Policy and Client Services Branch at (502) 696-7283 or (800) 928-8926, extension 7283.

## **National Student Loan Clearinghouse Changes Address**

by David Rayborn

The main office of the National Student Loan Clearinghouse is in a new location. The new address is:

National Student Loan Clearinghouse  
2191 Fox Mill Road  
Suite 300  
Herndon, VA 20171-3019

All telephone numbers and fax numbers remain the same.

## Recent Disaster Area Declarations

by David Rayborn

The USDE has advised guaranty agencies of disaster areas declared by the Federal Emergency Management Agency (FEMA). When an area is declared a disaster area, guaranty agencies and lenders are authorized to use the USDE's disaster-related forbearance policies to assist borrowers who are residents of counties declared disaster areas and who are adversely affected by the disaster.

The disaster areas recently declared are listed in the following table. The counties listed in bold letters indicate additional counties that have been added to a previously declared disaster area. The disaster declarations are listed alphabetically by state and include additional information regarding each declaration.

For additional information or copies of pertinent Dear Colleague Letters, call David Rayborn at (502) 696-7273 or (800) 928-8926, extension 7273, or e-mail drayborn@kheaa.com.

Disaster Area	Disaster Letter	Notification Date	Disaster Date	Type of Disaster(s)	Designated Counties
Colorado	99-16	May 18, 1999	April 29, 1999	Severe storms and flooding	Bent, El Paso, Larimer, Otero, and Weld
Colorado	99-24	June 11, 1999	April 29, 1999	Severe storms and flooding	<b>Pueblo</b> (See also 99-16)
Illinois	99-18	June 1, 1999	May 16–17, 1999	Severe storms and flooding	Jo Daviess
Iowa	99-17	May 24, 1999	May 16, 1999	Severe storms, tornadoes, and flooding	Black Hawk, Bremer, Buchanan, Clayton, Delaware, Dubuque, Fayette, Harrison, Jones, and Linn
Iowa	99-20	June 9, 1999	May 16, 1999	Severe storms, tornadoes, and flooding	<b>Butler, Clinton, and Crawford</b> (See also 99-17)
Iowa	99-23	June 11, 1999	May 16, 1999	Severe storms, tornadoes, and flooding	<b>Scott</b> (See also 99-17 and 99-20)
Iowa	99-27	June 29, 1999	May 16, 1999	Severe storms, tornadoes, and flooding	<b>Butler and Chickasaw</b> (See also 99-17, 99-20, and 99-23)
Kansas	99-11	May 5, 1999	May 3–4, 1999	Tornadoes	Sedgwick
Kansas	99-25	June 11, 1999	May 3–4, 1999	Tornadoes	<b>Reno and Sumner</b> (See also 99-11)
Missouri	99-13	May 7, 1999	April 3, 1999	Flooding and severe storms	<b>Andrew, Iron Macon, and Osage</b> (See also 99-09)
Missouri	99-22	June 11, 1999	April 3, 1999	Flooding and severe storms	<b>Cole</b> (See also 99-09 and 99-13)



Disaster Area	Disaster Letter	Notification Date	Disaster Date	Type of Disaster(s)	Designated Counties
North Dakota	99-19	June 9, 1999	March 1, 1999	Severe storms, tornadoes, snow and ice, flooding, ground saturation, landslides, and mudslides	Barnes, Benson, Bottineau, Burleigh, Cass, Dickey, Emmons, Foster, Grand Forks, Griggs, Kidder, LaMoure, Logan, McHenry, McIntosh, McLean, Mountrail, Nelson, Pembina, Pierce, Ramsey, Ransom, Renville, Richland, Rolette, Sargent, Sheridan, Steele, Stutsman, Towner, Traill, Walsh, Ward, and Wells Counties and the American Indian reservations of the Devil's Lake Sioux Tribe, the Fort Berthold Tribe, and the Turtle Mountain Band of Chippewa
Oklahoma	99-10	May 4, 1999	May 3–4, 1999	Tornadoes	Caddo, Cleveland, Creek, Grady, Kingfisher, Lincoln, Logan, McClain, Oklahoma, Pottawatomie, and Tulsa
Oklahoma	99-14	May 10, 1999	May 3–4, 1999	Tornadoes	<b>Canadian, Craig, Le Flore, Noble, and Ottawa</b> (See also 99-10)
South Dakota	99-21	June 10, 1999	June 4, 1999	Tornadoes and flooding	Shannon County and the Pine Ridge Indian Reservation
Tennessee	99-15	May 13, 1999	May 5, 1999	Severe storms, tornadoes, and flooding	Cheatham, Chester, Davidson, Decatur, Dickson, Hardeman, Hardin, Henderson, Hickman, Houston, Humphreys, Lawrence, McNairy, Perry, Stewart, White, and Williamson
Texas	99-12	May 7, 1999	May 4, 1999	Tornadoes	Bowie
Texas	99-26	June 11, 1999	May 4, 1999	Tornadoes	<b>Gregg, Red River, and Titus</b> (See also 99-12)

## Special Allowance Rates

for the quarter ending June 30, 1999

The average of the bond equivalent rates of the 91-day Treasury Bills auctioned during the quarter ending June 30, 1999, is 4.60%. Loans from the following categories are eligible for special allowance as shown for the quarter ending June 30, 1999.

For loans made prior to 10/1/81:

Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance for 3-Month Period
7%	.01125	.0028130
9%	.00000	.0000000

- For:
- Federal Stafford Loans (subsidized) and fixed-rate Federal PLUS Loans made on or after 10/1/81 but prior to 10/17/86.
  - Federal Stafford Loans (subsidized) and fixed-rate Federal PLUS Loans made on or after 10/17/86 but prior to 11/16/86 for periods of enrollment beginning prior to 11/16/86.
  - Federal Consolidation Loans made on or after 10/1/81 but prior to 11/16/86.

Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance for 3-Month Period
7%	.0110	.002750
8%	.0010	.000250
9%	.0000	.000000
12%	.0000	.000000
14%	.0000	.000000

- For:
- Federal Stafford Loans (subsidized) and fixed-rate Federal PLUS/SLS Loans made on or after 10/17/86 but prior to 11/16/86 for periods of enrollment beginning on or after 11/16/86.
  - Federal Stafford Loans (subsidized) made on or after 11/16/86 but prior to 10/1/92.
  - Federal Stafford Loans (unsubsidized, made pursuant to §428H of the Act) made prior to 10/1/92 for periods of enrollment beginning on or after 10/1/92.
  - Fixed-rate Federal PLUS/SLS Loans made on or after 11/16/86 but prior to 7/1/87.
  - Variable-rate Federal PLUS/SLS Loans made on or after 7/1/87 but prior to 10/1/92, *only* if the variable rate for each July 1–June 30 period reaches the statutory maximum of 12%.
  - Federal Consolidation Loans made on or after 11/16/86 but prior to 10/1/92.

Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance for 3-Month Period
7.00%	.0085	.002125
8.00%	.0000	.000000
8.26%	.0000	.000000
8.41%	.0000	.000000
9.00%	.0000	.000000
10.00%	.0000	.000000
11.00%	.0000	.000000
12.00%	.0000	.000000
13.00%	.0000	.000000
14.00%	.0000	.000000

- For:
- Federal Stafford Loans (subsidized) made on or after 10/1/92 but prior to 7/1/95.
  - Federal Stafford Loans (unsubsidized) made on or after 10/1/92 but prior to 7/1/95 for periods of enrollment beginning on or after 10/1/92.
  - Federal Stafford Loans (subsidized and unsubsidized) made on or after 7/1/95 but prior to 7/1/98, *except* during the in-school, grace, and deferment periods.
  - Variable-rate Federal PLUS/SLS Loans made on or after 10/1/92 but prior to 7/1/94, *only* if the variable rate for each July 1–June 30 period reaches the statutory maximum of 11% (SLS) or 10% (PLUS).
  - Variable-rate Federal PLUS Loans made on or after 7/1/94 but prior to 7/1/98.
  - Variable-rate Federal PLUS Loans made on or after 7/1/98 but prior to 7/1/03. (Special allowance shall not be paid unless the calculated interest rate exceeds the 9% cap.)
  - Federal Consolidation Loans made on or after 10/1/92.

Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance for 3-Month Period
6.00%	.0170	.004250
7.00%	.0070	.001750
8.00%	.0000	.000000
8.25%	.0000	.000000
8.26%	.0000	.000000
8.53%	.0000	.000000
9.00%	.0000	.000000
10.00%	.0000	.000000
11.00%	.0000	.000000
12.00%	.0000	.000000
13.00%	.0000	.000000
14.00%	.0000	.000000

- For: Federal Stafford Loans (subsidized and unsubsidized) made on or after 7/1/95 but prior to 7/1/98, *only* during the in-school, grace, and deferment periods:

Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance for 3-Month Period
7.66%	.0000	.000000

- For: Federal Stafford Loans (subsidized and unsubsidized) made on or after 7/1/98 but prior to 7/1/03, *only* during the in-school, grace, and deferment periods:

Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance for 3-Month Period
6.86%	.0000	.000000

- For: Federal Stafford Loans (subsidized and unsubsidized) made on or after 7/1/98 but prior to 7/1/03, *except* during the in-school, grace, and deferment periods:

Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance for 3-Month Period
7.46%	.0000	.000000